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Haiti: The Rough Road Ahead

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An Intelligence Assessment

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*ALA 86-10013
March 1986*

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Haiti: The Rough Road Ahead

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An Intelligence Assessment

This paper was prepared by [redacted]
[redacted] Office of African and
Latin American Analysis. It was coordinated with
the Directorate of Operations. [redacted]

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Comments and queries are welcome and may be
directed to the Chief, Middle America-Caribbean
Division, ALA, [redacted]

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Haiti: The Rough Road Ahead

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Key Judgments

*Information available
as of 14 March 1986
was used in this report.*

Haiti's interim government faces formidable challenges as it tries to direct a peaceful transition to democracy. Although the new leadership has taken preliminary steps to end sporadic looting and mob violence and to consolidate its power, the government's ability to maintain order will be threatened until several critical issues are resolved. Dissatisfaction inside and outside the government with the pace and scope of political and economic reforms is growing and, if present trends continue, is likely to lead within the next few months to another breakdown in public order and calls for a wider US role.

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President Henri Namphy dominates the government on the strength of military backing and personality, according to Embassy sources. The ruling council is far from unified, however, and divisions based on personal and ideological differences are hampering its ability to function effectively. Many of these differences are symptomatic of deeply rooted conflict among key components of Haitian society, including the military authorities, civilian leadership, old-guard Duvalierists, and reform-minded clergy. Apparent personal discord between Namphy and council adviser Prosper Avril—who also commands considerable military support—threatens the government's stability as do conflicts between still loosely allied civilian and military elements.

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The council's footdragging on two pressing issues—Duvalier holdovers in the government and an election timetable—is eroding its initial popularity. US Embassy and press reports indicate that Namphy initially was able to take advantage of the popular mandate for an end to the Duvalier regime to bolster the council's support, abolish the hated militia, end press censorship, free political prisoners, and appoint a broad-based cabinet. Nevertheless, there is festering discontent over the assignment of several old-guard Duvalierists to cabinet posts, the continuing high profile of some exmilitia leaders, and the lack of rapid progress toward elections.

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We believe that Namphy, while well intentioned, will have to demonstrate greater responsiveness and compromise than he has shown so far to quell street demonstrations. According to US Embassy officials, however, Namphy's military background may incline him to equate responsiveness

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with weakness. If the President is widely perceived as stonewalling on major issues, we believe he will face serious trouble within the next few months.

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Even if the government manages to limit further unrest, in our view it will be hard pressed to manage the conflicting demands of various key interest groups while working to install democracy in a country that has long lacked meaningful experience in participatory party politics. The US Embassy reports the influential Catholic Church will press for a sweeping redistribution of income and other reforms that would put the Church at loggerheads with private-sector elements and old-guard Duvalierists. Moreover, some Church figures will probably support political party leaders as both groups push to speed the transition to democracy, setting the Church against old-guard elements in the government and business elites, which will try to retain their traditional power.

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An economic morass compounds political difficulties. Pervasive dissatisfaction with grinding poverty cannot be alleviated without massive foreign aid. We estimate that \$125 million in new funds would be needed this year—in addition to the \$150 million already committed by various donors before Duvalier's fall—to stop the slide in economic activity that has occurred in recent years and to boost real GDP the 3 percent needed to reach the peak 1980 level.

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Even rapid and generous foreign aid would do no more than temporarily prop up living standards until business confidence is restored and investment increases. To achieve these ends, we believe the government must appoint a more competent economic team capable of coping with strong public pressure for job creation and food relief, while at the same time limiting government spending in order to attract IMF support.

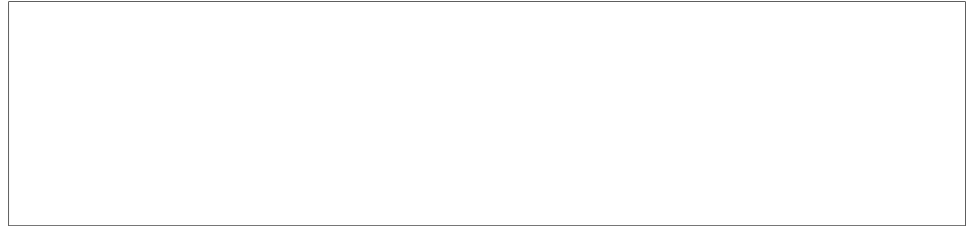
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Haiti's unstable situation is likely to deteriorate further if exile groups and their foreign supporters continue to intensify their activity. In light of mounting exile pressure for legal reentry, the government must weigh the probable negative reactions of potential aid donors to any barriers to such reentry against the potential security threat posed by some leftist groups that might return. Various exile groups already have become more active.

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The highly publicized US role in Duvalier's departure has raised Haitian expectations that Washington will provide guidance and generous economic and military aid. In the event of another breakdown in public order for whatever reason, Haitians would be even more prone to look to Washington for help. Even if Haiti's economic performance exceeds our expectations, the influx of illegal migrants to the United States is unlikely to slow.



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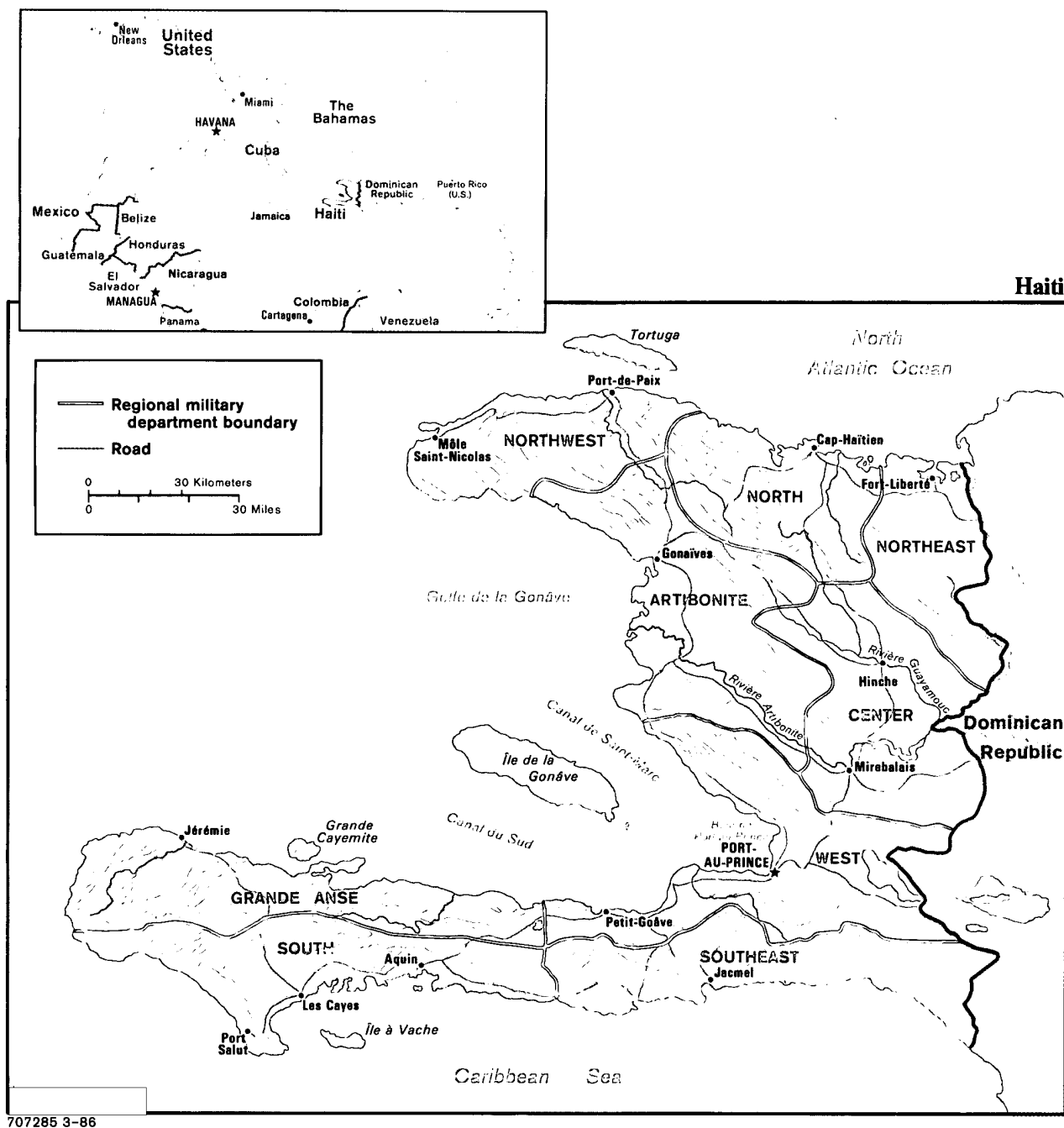
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Haiti: The Rough Road Ahead

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Introduction

Most Haitians exulted at the overthrow in early February of the repressive regime of President-for-Life Jean-Claude Duvalier, who—along with his father, Francois Duvalier—had ruled Haiti for 29 years. The new military-dominated government under President Henri Namphy received generally good marks at home and abroad for its early efforts to restore public order, dismantle the Duvalier regime's political apparatus, and protect human rights. The influential Catholic Church, in the forefront of anti-Duvalier activity in the past year, also pledged support for the new government.

Still, the interim government's diverse composition, old-guard Duvalierist cast, and inexperience in political and economic decision making already have raised doubts about its ability to satisfy the political and economic expectations of a beleaguered populace. Several leaders of Haiti's fledgling political parties, for example, publicly have urged an earlier timetable for national elections than the 18-month minimum period that Namphy foresees. Public anger against Duvalierist holdovers in the new government has not abated.

This paper examines the makeup and mandate of the new government as well as the local reaction to the priorities it has established. It analyzes the formidable economic hurdles and conflicting domestic political pressures confronting the untested coalition. The paper also assesses the outlook for alleviating Haiti's desperate economic conditions and building a democratic political framework in the next few years, considers the potential for greater Cuban and other outside interference, and discusses the implications for US interests.

The New Government

We believe that the makeup of Haiti's provisional government reflects the roles of crucial interest groups in promoting Duvalier's downfall:

- The military, which grew increasingly influential as Duvalier's personal power weakened, is clearly dominant. The five-man National Council of Government, the ultimate decisionmaking authority, is top heavy with three Army officers, headed by former Army Chief of Staff and now President, Gen. Henri Namphy. Another officer, Col. Prosper Avril, holds the informal but, nonetheless, influential post of council "adviser."
- Old-guard civilian Duvalierists, who were dissatisfied with Duvalier but willing to let the military take the lead against him, have one slot on the council with Minister Alix Cineas, who represents continuity but also carries the liability of being a Duvalierist holdover.
- The fifth position went to leading human rights activist, Gerard Gourgue, who is the likely proponent of liberal views and unofficial representative of civil and political organizations.
- Neither the country's political parties, which kept a low profile during the recent unrest, nor the Church, which played a key role in events leading to Duvalier's ouster, are represented.

The authoritarian structure of the interim government, in our view, will enhance the influence of the military/old-guard axis. The council rules by decree, and the vast majority of local officials—handpicked by Duvalier—are still in place and now look to Namphy for guidance. The military, although outnumbered in the 13-member cabinet, also controls the

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Haiti's National Council of Government



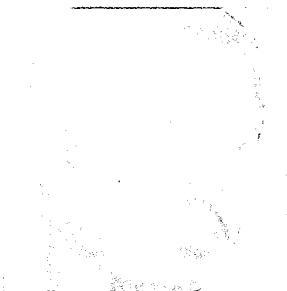
Gen. Henri Namphy, President

Rose steadily in military under both Duvaliers . . . Army Chief of Staff^a since 1984 . . . political novice

Spanish, but only limited English.

. . . speaks French, Creole, and

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Col. William Regala, Minister of Interior

In charge of building new internal security force . . . favorite of elder Duvalier . . . opportunistic.

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Col. Max Valles

Minister of Information . . . Commander of Presidential Guard^a . . . trusted by and loyal to Duvalier . . . relatively honest . . . an intellectual.

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important Interior Ministry, and US Embassy officials speculate that the previous experience of two-time cabinet member Cineas has given him added weight in a cabinet composed of political unknowns.

So far, Namphy's popularity and respect have given him enough leverage to control the council. Namphy, despite being a mulatto, consistently stayed in the good graces of both Duvaliers, even when the regime strongly espoused black nationalism. He reportedly

has retained personal popularity with, and the trust of, most Haitians while being widely respected in military circles. The task of building a new political system has given the council a sense of purpose, but US Embassy reporting indicates that personal and ideological differences among council members are undermining unity, and Namphy may yet encounter problems.

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**Col. Prosper Avril, "Counselor" to Council**

Inspector General of Presidential Guard^a . . . former close adviser to Duvalier . . . has taken high profile in efforts to restore order . . . regarded as honest and intelligent [redacted]

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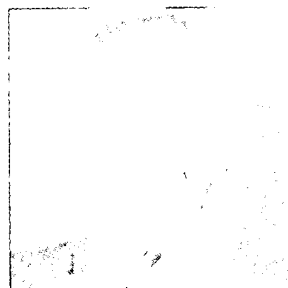
**Alix Cineas, Minister Without Portfolio**

Staunch old-guard Duvalierist, ultranationalist . . . [redacted]
[redacted] former Minister of Public Works, Transportation, and Communications. [redacted]

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**Gerard Gourgue, Minister of Justice**

President and founding member of Haitian League of Human Rights . . . advocates democracy . . . US Embassy assesses him as attractive and honest leader but one whose mettle as a politician is untested . . . charged with laying groundwork for new constitution and political parties' law. [redacted]

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^a Most members of the council still retain the posts they held under Duvalier. Regala, however, has been replaced as Inspector General of the Armed Forces. [redacted]

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enough on his proposals and that William Regala, in particular, is a hardliner opposed to political change. [redacted]

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We judge that Avril's inclusion on the council resulted in part from Namphy's effort to avoid a potential coup by him. The divisions extend to the civilian sphere as Gourgue apparently has not found many allies for his pervasive social and political reforms among the conservatives comprising the remainder of the council. He already has complained to US Embassy officials that the military members do not act fast

Establishing Order and Support

Although sporadic disturbances continue in some areas, the council has met its immediate objective of quieting the rioting that arose partly in reaction to Duvalier's violent tactics during his last days in office. Although [redacted] at least 150 people were killed in the aftermath of Duvalier's fall,

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US officials indicate that the country is returning to normal. Many businesses and all government offices have reopened, and the looting and destruction of property owned by the Duvalier family and its allies in Port-au-Prince have subsided. With minor exceptions, schools shut in early January have resumed classes. To head off potential trouble from exiles, particularly leftists, the council has announced that it is screening those trying to return and that any classified as "undesirable" will be denied entry. In addition, the government has asked for US and French help in monitoring exile activity. []

To help consolidate control and meet its longer range objective of returning power to a popularly elected government, the council is dismantling the last vestiges of the Duvalier regime. The rubberstamp national legislature has been dissolved, and the brutal militia, the Volunteers for National Security, disbanded. By disarming the estimated 11,000-man militia, which US Embassy and press reports indicate many Haitians hold responsible for much of the violence that marked Duvalier's rule, Namphy also has eliminated a potentially powerful challenger. Although poorly trained and disciplined, the militia was well equipped. The President also has eased restrictions on the media, released political prisoners, and made a symbolically important change in the Haitian flag by restoring the pre-Duvalier blue and red standard. []

The new 13-member cabinet represented a considered effort to broaden domestic support for the interim government and enhance its international reputation. According to US Embassy reports, it was chosen partly for regional balance. With a few exceptions, most members generally are accepted by groups critical of Duvalier—particularly the Catholic Church. The cabinet is subordinate to the council, according to US Embassy officials, and so far has shown little evidence of playing a key decisionmaking role. []

Popular Reaction

Despite the council's quick moves on several fronts, Namphy remains reluctant to agree to hold national elections any time soon. According to US Embassy officials, Namphy believes that, because the transition to democracy must be preceded by a long educational

process, such elections cannot be held for at least 18 months. Toward this end, he has announced that municipal and legislative elections will occur before presidential elections. Voter registration lists—last used for municipal and legislative elections in the early 1980s—are outdated and incomplete, according to the US Embassy. We believe that Namphy, recognizing this deficiency and the government's inexperience in conducting legitimate elections, is likely to contend that electoral preparations could take until mid-1987 or so to complete. []

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Leaders of political parties have quickly focused on what they perceive as needless delay on the election issue and are calling for presidential elections within a year. Leading politicians such as Gregoire Eugene and Hubert de Ronceray already have announced plans to run for president. A march by 20,000 youths in the capital in mid-February demanding early elections, in our view, has added impetus to their pressure. In addition, some politicians—particularly Sylvio Claude, head of the minuscule Haitian Christian Democratic Party—are calling for the council to immediately turn over power to a new, more representative government. []

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The government's other chief near-term worries are the strong general objections to the presence of some half dozen former Duvalierists, including Cineas and Avril, in top-ranking national government posts and the lingering political influence of former militiamen in and around the capital. Members of an increasingly well-organized, moderate-leftist group in Gonaives have called for a boycott of schools until Duvalierists are fired from the government, []

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[] In addition, Gourgue told US Embassy officials that public hostility toward the continued presence of former militiamen in prominent local government posts hampers the restoration of calm. []

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Pressing Economic Requirements

Aid Needs. Necessarily preoccupied with formation of the government and initial political steps, the government has had little chance to deal with more formidable challenges in the economic arena. US Embassy

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Haiti: Military Attitudes and Capabilities

The military has played a dominant role in Haiti since independence. From 1804 to 1915, most Haitian heads of state were military leaders. After the US occupation (1915-34), the military seized political power on several occasions during periods of instability but then handed control back to a new civilian leadership. After becoming President in 1957, Francois Duvalier created a special militia—the Ton Tons Macoutes—as a counterweight to the military. Nevertheless, most Haitians continued to perceive of the Army as the organization responsible for restoring order in a deteriorating situation. We believe that recent antigovernment protests convinced Namphy and other military leaders that the chances of Communist influence in the ensuing power vacuum had increased sufficiently to encourage them to accept the demonstrators' calls for the Army to "assume its responsibilities" by stepping in to restore order. []

The military, traditionally a vehicle for black social mobility, generally has resented the mulatto elite. []

The 6,000-man Haitian Armed Forces (FAd'H) is made up of four major ground units with special functions and regional units having the main function of a constabulary. Haiti also has a small Navy and Air Corps:

- **Leopard Corps.** Established in 1971 by Jean-Claude Duvalier to provide the FAd'H with an elite counterinsurgency force, this 371-man unit, nonetheless, is poorly trained and equipped. Its image was tarnished in 1982, when it failed to dislodge eight would-be invaders on Tortuga Island, off Haiti's north coast, and the Dessalines Battalion was sent in to defeat the insurgents. Since then, the Leopards' strength has dropped because Duvalier made no effort to recruit replacements.

- **Dessalines Battalion.** Based in the Dessalines barracks behind the National Palace in Port-au-Prince, this 740-man unit, like the Leopard Corps, is equipped only with light infantry weapons and limited wheeled transport. Training is restricted to the classroom, and units usually do not deploy for tactical maneuvers, according to the Embassy.

- **Presidential Guard.** The primary mission of this 1,350-man unit is guarding the National Palace. It controls most of the military's heavy armament: five light tanks, six half-track armored personnel carriers, six armored cars, six artillery pieces, and a number of antitank guns, mortars, and air defense guns. Much of their equipment is inoperative, however, due to lack of proper maintenance, according to US officials.

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- **Port-au-Prince Police Force.** This unit is responsible for law enforcement in the capital. It also has a small narcotics unit. []

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- **Regional Departments.** The nine regional military departments—the North, Northwest, Northeast, Grande-Anse, Artibonite, Center, South, Southeast, and West—comprise a total strength of about 2,500 men.

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- **Navy.** []

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[] Equipment consists of only 11 small patrol boats.

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- **Air Corps.** The Air Corps consists of about 200 men. As in the case of the other services, spare parts, equipment, and adequately trained personnel are in short supply due to tight budgetary constraints. Last September, Haiti took delivery of four Italian jet fighters costing \$6 million. []

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reporting indicates that the Treasury's hard currency stocks are virtually depleted, threatening cutoffs in vital imports over the next few months. Food and petroleum supplies probably will be adequate until mid-April, but prospects for the following months are unclear. Dwindling supplies of imported raw materials, intermediate goods, and spare parts reportedly are reducing agricultural and industrial production. Under these circumstances, living standards—already the lowest in the hemisphere—will deteriorate further unless foreign aid inflows quicken. []

US Embassy [] reports indicate that business confidence, already low in response to the uncertain political climate, is dropping further as a result of worker demands for higher wages. Employees in more than a dozen factories and government offices, demanding increases in the current \$3 per day minimum wage and the removal of managers who had ties to the former regime, have gone on strike since Duvalier's overthrow. We believe that workers, flush with victory in Duvalier's fall, may well hold to unrealistically high demands for better living standards. Investment, which dropped in reaction to anti-Duvalier protests, will dip further if the government decrees substantial wage hikes. []

To raise living standards to the peak 1980 level, we estimate that Haiti needs roughly \$125 million in new foreign aid this year—in addition to existing commitments from official and private donors. To reverse the nearly 3-percent drop in real GDP—9 percent in per capita terms—that has occurred since 1980, we calculate that Haiti would have to raise imports 20 percent above last year's depressed level to about \$400 million.¹ Of this total, about \$100 million would be needed for food purchases—a category that we estimate has fallen at least 20 percent in real terms since 1980. Although falling world oil prices will ease aid

¹ Because Haiti's economy is so small (1985 GDP was \$1.8 billion versus \$11.2 billion for the Dominican Republic) and highly import dependent (imports comprised 19 percent of 1985 GDP), marginal increases in imports yield substantial economic growth. We calculate that an increase in imports to \$400 million this year would match peak volume and boost real GDP to near-record levels. Nevertheless, to the extent that these imports would be used for consumption, rather than investment, economic growth would not be sustainable without ongoing external support. []

requirements somewhat, we calculate that Haiti still would need roughly \$70 million for petroleum products in 1986. The remaining \$230 million would finance imports of raw materials and intermediate goods for agriculture and manufacturing, as well as medical supplies, building materials, and small amounts of finished consumer goods. []

We believe that foreign exchange earnings in 1986 will fall far short of import needs, partly as a result of the recent unrest. The trade deficit alone probably would measure about \$150 million at these import levels. Despite rising world prices for coffee—Haiti's main agricultural export—businessmen believe disruptions during the key harvest and export season of October through January will limit Haitian earnings to no more than \$70 million this year. We judge that other commodity exports, including cocoa and sugar, at best will stagnate near last year's \$47 million earnings. Foreign sales of light manufactured goods also are likely to be disappointing. On the basis of the US Embassy's report of numerous cancellations of existing commercial contracts and postponements of planned projects, we believe that the expansion of this sector, envisioned earlier by the IMF, will not occur this year, and manufactured exports will be hard pressed to match the 1985 total of \$130 million. []

In addition to the projected \$150 million trade deficit, we judge that scheduled external debt repayments, other service payments abroad, and capital flight will boost foreign funding needs to a total of about \$275 million. Haiti is slated to pay \$21 million in interest and amortization this year on \$670 million in outstanding foreign debt. In addition, Port-au-Prince faces \$17 million in IMF repurchase obligations. The Fund projects further net expenditures of \$68 million in the service sphere, including foreign profit repatriation, expenses related to tourism, and shipping costs. Earnings from tourism, already reeling from the island's association with the AIDS disease, will suffer further losses as a result of the popular disturbances during the height of the winter tourist season and are unlikely to top \$20 million. On the basis of US

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Haiti: Snapshot of a Dismal Economy

Haiti's economy—desperate in the best of times—hit particularly difficult straits in 1981. According to US Embassy reporting, real GDP shrank nearly 3 percent, largely because a hurricane destroyed one-third of the coffee crop. The concurrent slump in coffee earnings—coffee prices fell 60 percent between 1977 and 1981—unbridled public spending, and skyrocketing oil prices drained Haiti's finances. This poor economic performance caused Haiti's standard of living—the lowest in the Western Hemisphere—to deteriorate further. According to US Embassy reporting, the unemployment and underemployment rate—which exceeded 70 percent—was eased only by large-scale emigration. As many as 50,000 Haitians departed annually in the early 1980s to neighboring Caribbean countries and the United States, according to an academic study. [redacted]

Having exhausted other options, the Haitian Government obtained a \$65 million standby that ran from August 1982 to September 1983. This action required President Duvalier to take an unprecedented step in sticking to a realistic—and more open—budget. Haiti's efforts yielded a small foreign payments surplus by yearend 1983. Economic output also began to recover in 1983, as official inflows—largely from the United States, France, and West Germany—nearly doubled in response to Haiti's adherence to IMF stipulations. Although intractable problems kept agricultural production weak, Haiti's manufacturing sector—particularly its assembly industries—became more active due to renewed funding. Investors and lenders alike were attracted by Haiti's low wages, industrious work force, and weak labor unions. [redacted]

Haiti's strict compliance under the IMF program facilitated conclusion of a \$63 million program in July 1983. In May 1984, the outbreak of civil disturbances over food shortages in several cities and the resultant increase in public spending on job and food programs in effect terminated the 14-month program. Despite the loss of IMF funding, increased government spending and generous aid disbursements from patient benefactors helped the economy to grow 2 percent in 1984. Such aid and increased exports to

the United States also strengthened Haiti's foreign payments position. [redacted]

These positive trends, nonetheless, masked serious problems. Short-term borrowing abroad to support unchecked government spending caused Haiti's debt-service ratio to edge toward 15 percent by yearend 1984. The spurt in public-sector spending also caused the inflation rate to more than double to 15 percent. Living standards also suffered from the fiscal indiscipline. Even with limited government subsidies to selected areas, food prices escalated 15 to 25 percent in the last half of 1984 alone. US Embassy reports indicate unemployment failed to decline, despite costly make-work projects. Moreover, [redacted] per capita income stood at only \$235, 9 percent below the 1980 level in current dollars. [redacted]

Despite periodic talks between the Fund and the government, Haiti made no real progress toward an IMF accord last year. In our judgment, the regime's unwillingness to come to grips with excessive public spending and Central Bank credits, in particular, prevented a new agreement with the Fund. [redacted]

[redacted] The US Embassy speculates that Duvalier also may have directed funds to finance a government political party formed last year. [redacted]

By the end of 1985, Haiti's domestic and foreign financial positions had deteriorated dramatically. US Embassy reports indicate the government depleted foreign reserves and built up arrears to meet day-to-day expenses. Unchecked public spending, partly in response to the antigovernment protests in late 1985, also increased inflation and hurt the country's already weak international creditworthiness. Worried foreign creditors demanded prompt payment for such key imports as petroleum and flour. [redacted]

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Table 1
Haiti: Balance of Payments

Million US \$

	1984	1985 ^a	1986 ^b
Current account	-60.9	-56.3	-98
Trade balance	-122.5	-105.9	-153
Exports ^c (f.o.b.)	229.5	228.0	247
Coffee	54.0	48.0	70
Light manufactures	124.6	132.9	130
Other	50.9	47.1	47
Imports ^d (c.i.f.)	352.0	333.9	400
Services, net	-61.5	-66.5	-75
Tourism	28.0	25.1	20
Transfers (grants)	123.2	116.1	130
Capital account	60.9	56.3	NA
Net official capital	55.3	37.3	NA
Net private capital, errors, and omissions	-6.8	-6.1	NA
Drawdown in international reserves and increase in arrears	12.4	25.1	NA

^a Estimated.^b Projected, based on 1981 import volume.^c Value added, net of imported inputs.^d Net of re-exports.

Embassy and press reports of large bank withdrawals and the deterioration in business confidence associated with the unrest, we believe that capital flight—reportedly averaging about \$6 million annually in recent years—could easily triple in 1986. Because the recent unrest probably will exacerbate the downturn in foreign direct investment inflows under way since 1981, the government must rely on overseas aid to bridge the financial gap. [redacted]

Potential Donors. To cover a funding gap of this magnitude, we can identify \$150 million in aid commitments made before the change of government. Of this total, \$130 million will be disbursed as nonrepayable grants from governments, multilateral institutions, and charitable organizations, [redacted]. In addition, the World Bank is slated to distribute \$20 million in concessionary project financing. [redacted]

Other potential sources of funds include the IMF, the EC, and individual industrialized nations. In addition, US Embassy [redacted] reports indicate that prospects are good for additional World Bank assistance and humanitarian aid from various sources, but some key potential donors remain noncommittal:

- Canada, France, and the Netherlands reportedly may increase support but are awaiting a clearer picture of Haiti's financial needs.
- Bonn reportedly will not commit new funds until Haiti's political situation clarifies, and London claims it cannot afford to increase aid to the Caribbean region.
- In addition to its existing \$20 million in commitments, the World Bank probably will approve a \$26 million transportation credit for disbursement this year—a project that would help to ease unemployment.
- The Organization of American States recently agreed to augment humanitarian aid in order to help Haiti move toward democracy, according to press reports. [redacted]

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If the government can quickly convince potential donors that real political and economic reform is under way, we believe Haiti could receive the \$275 million in total aid needed to raise real GDP to the 1980 level. We doubt that substantially larger aid inflows would improve economic conditions much more, however, because Haiti lacks the administrative and technical capacity to manage massive assistance programs. Warehouse space and refrigeration for food supplies are limited, and reliable distribution channels are narrow. The work force is poorly skilled and, in our view, would require training before many construction projects could be implemented. []

Political Challenges Ahead

These severe economic problems will force tough tradeoffs and raise stiff political obstacles. Implementation of necessary fiscal and socioeconomic reforms, for example, could alienate key interest groups. Many businessmen oppose policies that would raise wages and other operating costs. We believe their support for Namphy also would wane if he fails to pay closer attention to business demands that a more competent economic team be put in place. In addition, the initial Church support for the government would be certain to erode if Namphy fails to follow through on efforts to improve living conditions, protect human rights, and open the political system—issues that strike at the influence of remaining old-guard Duvalierists. []

Simply establishing the framework for the transition away from dictatorship will be a difficult political challenge. On the basis of US Embassy and press reports, we believe that little consensus exists among major political players on the structure of the system that will replace the one built by the Duvaliers. US Embassy reports indicate that some would probably prefer only limited socioeconomic change, while others, especially the Church, are leaning toward sweeping reforms. Moreover, an entire generation of Haitians has no meaningful experience in participatory party politics, and most, especially the rural poor, have only a vague concept of democracy. Indeed, the political history of Haiti has been characterized by the dominance of personality over ideology. []

We expect that the major prerequisites to a presidential election—drawing up a law on political parties and a new constitution—will touch off considerable jockeying for influence and conflict among key interest groups. Because of the fluid political situation, the following discussion will focus on an assessment of the objectives as well as the relative strengths and weaknesses—rather than the still unformulated strategies—of potentially important political actors. []

The Church. The Catholic Church, Haiti's only independent, nationwide organization, is certain to play a pivotal role in shaping the country's future.² US Embassy reporting indicates that the visit of Pope John Paul II in March 1983 was the catalyst for increasing Church activity. During 1984 and 1985, the Church took an increasingly assertive role against political abuses and social inequities under the Duvalier regime. []

[] The stand taken by the Church against Duvalier, in our view, has significantly increased its moral authority, and Namphy's willingness to consult with leading bishops immediately after he took control underscores its institutional influence. Moreover, the Church probably is most powerful in northern Haiti, where the strongest protests against Duvalier occurred. []

[] On the basis of Embassy reports, we believe that the Church's top priority will be to press the government to meet longstanding Church calls for such socioeconomic reforms as instituting higher wages, guaranteeing independent unions, and improving education and health care. On the political front, US Embassy officials indicate that the Church hierarchy wants the political system to be opened and elections held, but

² About 80 percent of Haiti's population of nearly 6 million is Catholic, and Catholicism is the official state religion. Most Haitians also believe in voodoo—an African-oriented animist religion—which they practice along with Catholicism. []

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Haiti: The Electoral Record

Democratic Traditions. Haiti has a long history of strongman rule since independence was achieved in 1804. Universal suffrage and direct election of the president and legislature, for example, did not come until 1950. Only a tiny minority, largely the mulatto elite in Port-au-Prince, had participated previously in the electoral process. [redacted]

The Duvalier Style. Francois Duvalier won a six-year presidential term of office while his followers won a majority of seats in the National Assembly in 1957 amid charges of voter intimidation. In 1961, Duvalier called new legislative elections and, because his followers again won most of their seats through coercion of the electorate, claimed a mandate for a new presidential term. Three years later, he changed the constitution to allow his election as president for life. After the elder Duvalier's death in 1971, his son and successor as president for life, Jean-Claude, appeared to use greed and corruption more than terror as a means of governing. The 1979 legislative elections proved a litmus test of the younger Duvalier's willingness to move Haiti toward democracy. Using bribes and intimidation, Duvalierist candidates swept 58 of the 59 seats. A crackdown against opposition leaders ensued in 1980. Pressures led by the United States and the Catholic Church for socioeconomic and political reforms prompted Duvalier to

call a referendum last July in which their implementation was linked to approval of the life presidency. US Embassy and press reports indicate that outright vote manipulation and fraud produced a lopsided progovernment result that further tarnished the regime's reputation at home and abroad. [redacted]

The National Assembly. Legislative elections for the unicameral assembly, constitutionally scheduled for every six years, were moved up last year from 1990 to 1987 in another of Duvalier's efforts to stem international criticism of his regime. The US Embassy reported that, despite government interference in the voting process during the 1984 elections, two-thirds of all incumbents were defeated. Nevertheless, the assembly remained a virtually powerless, rubber-stamp entity. [redacted]

Municipal Councils. Voter turnout was moderate in the 1983 balloting for municipal officials, including mayors, the first such local contests since 1946. Although Duvalier packed the councils with loyalists through registration irregularities and electoral fraud, some recent council actions showed fledgling autonomy previously unknown. [redacted]

generally shares Namphy's belief that appropriate educational preparations must precede elections. We believe some radical priests will continue to find the pace of change too slow. [redacted]

The Old Guard. We believe that old-guard Duvalierists remaining in Haiti, because of their accumulated wealth, their concentration in the populous capital, and their links to important businessmen, will exert more influence than their numbers would indicate. Moreover, the presence of several old-guard Duvalierists in the military and the government, particularly Regala and Cineas, gives them direct input into the decisionmaking process. [redacted]

The old guard probably will try to protect as much of their power and financial base as possible while maneuvering, at least initially, more carefully in the post-Duvalier environment. Indeed, we believe that their support for a coup was based primarily on their perception that Duvalier's shortcomings as a leader would eventually cost them their economic and political perquisites. Gourgue has told US Embassy officials that, although Cineas has been cautious in staking out positions because of his Duvalierist ties, he nonetheless was instrumental in blocking the government from nationalizing properties of Duvalier's ministers. Over the short run, we believe that the old guard may try to ensure a restrictive political parties

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law out of fear of the emergence of potentially radical leftist parties. They may also field their own electoral candidates. We anticipate that Clovis Desinor, a former finance minister and prominent old-guard spokesman, will soon step up efforts to form a political party. US Embassy officials believe that Desinor's political savvy and acceptability to business elements will make him a formidable opposition force. []

Business Elites. Businessmen, many of whom opposed the Duvalier regime, have significant, although largely indirect, leverage that they can use to influence government action. Increased private investment is necessary if Namphy is to rekindle and maintain economic growth, and many Haitian businessmen—including those living in exile—possess the technical and managerial skills that the government will need to tap in order to restart the economy. []

More than other interest groups, we expect the private sector, at least over the short run, to focus on specific economic concerns. We anticipate that most businessmen will try to push Namphy to reduce official corruption, one of their major complaints against Duvalier and his cronies, and to improve the overall climate for foreign investment—particularly to resist those growing union demands for better working conditions that impinge on the profitability of their operations. US Embassy [] reporting indicates that many younger businessmen support improved human rights, but, because the older generation of businessmen has close ties to old-guard stalwarts, we believe the business community will lobby for limited social and political changes. []

Domestic Political Groups. Duvalier's downfall has boosted the profile of those few individuals who had been organizing opposition parties under the former regime's strict requirements, but their ability to build on their unexpected good fortune is, as yet, unclear. Aside from having little proven popular support, political vision, or organizational bases, Haiti's party leaders face other problems. []

Embassy reports [] indicate that several new, informal groups led by local populist figures have emerged to try to incite and channel popular unrest. A moderate leftist group in Gonaives called Dechoukage, led by a charismatic illiterate figure, has organized demonstrations and

demanding the ouster of all Duvalierist holdovers. In addition, a leftist-oriented group in Les Cayes called Danger reportedly has agitated against the Namphy government and demanded immediate elections. Finally, Haitian mob action has proved to be a powerful, independent political force in recent months that has tended to bypass former leading oppositionists, who kept a low profile during Duvalier's last weeks in power. []

We believe that these groups, and others likely to form in the event of continued public discontent, could eventually overshadow some old anti-Duvalierist parties. In any case, we judge that new and older groups will have the main short-term objective of pushing to ensure official recognition of their parties, particularly through a political parties law that contains no membership requirements. []

The Role of Foreign Actors

Over the years, Haitian exiles have formed numerous groups with the common goal of ousting the Duvalier regime but with few coherent plans. According to the Embassy, these groups have spanned the political spectrum and generally have held only a weak ideological underpinning. The record shows these groups also have been characterized by limited resources, poor organization, and an inability to work together. Although some have proved to have a capability for terrorist acts in Haiti, a review of recent exile activities indicates a pattern of failure in carrying out their plots. []

Despite these shortcomings, we believe the fall of Duvalier will allow the splintered exile groups to draw on wider support at home and abroad. []

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this pool for a more activist policy.

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Libya is another potential actor in Haiti and, as is the case elsewhere in the Caribbean, appears to be out ahead of the Cubans in pushing a radical policy.

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Cuba has not made Haiti a priority target in recent years, owing largely to the limited resources of the left, and Havana was caught offguard by the instability in Haiti and rapid ouster of Duvalier. Nonetheless, the Cubans have longstanding ties to some radical groups and are already trying to make up for lost ground.

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Near-Term Outlook

The Political Scene. At this juncture, we believe Namphy must grapple with at least three major issues in the near term:

- The timing of elections.
- The handling of Duvalierist holdovers and associated corruption in the government.
- The formulation of exile policies that avoid raising further questions about his commitment to full democratic participation in the political process.

Considering the political inexperience and questionable unity within the ruling council, the government within the next few months could seriously misstep on any of these issues and heighten unrest. Moreover, we believe the volatile social situation and economic millstone the government inherited will continue to present it with serious problems even if Namphy quickly resolves pressing political issues.

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Havana has several other potential resources. For a number of years, Havana has broadcast in Creole to Haiti for two hours daily and could easily extend its programs. In addition, the Haitian exile population in Cuba numbers an estimated 40,000 to 45,000, and Havana presumably could draw some recruits from

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The President, helped by the reservoir of good will gained from Duvalier's ouster, probably has sufficient resources to channel the political tensions that have emerged since he took power, but he almost surely will have to demonstrate greater responsiveness and compromise than he has shown to date. Namphy, by all accounts, is well intentioned but his military background inclines him to set high store on authority and order and, perhaps, to equate responsiveness with weakness, according to the US Embassy. Thus, we believe Namphy continues to avoid setting a near-term election timetable because of his perceived need for thorough preparatory work and for delaying wholesale personnel changes in the interest of a functioning bureaucracy. Whatever the merits of his objectives, a wide body of public opinion views lack of movement in these areas as unacceptable, to judge from sporadic demonstrations in the capital and outlying areas and reported conversations between US Embassy officials and local political activists. [REDACTED]

If Namphy is widely perceived as stonewalling on the issues of election and Duvalierists' holdovers, we believe he will face early trouble. Should he repress protests, he would probably lose Gourgue as the only non-Duvalierist on the council. Gourgue has told Embassy officials he would resign if his influence in the government does not meet his expectations. In such a case, we believe the government, which would then be composed only of military and Duvalier cabinet holdovers, could quickly lose much of its international legitimacy. [REDACTED]

Namphy so far has made some changes in response to pressure from the United States, and plans the staffing of subcabinet working groups with technocrats, according to US Embassy reports. This could help to reduce public concerns about Duvalierist holdovers in the government and pacify businessmen who have complained about the weak economic expertise in the government. [REDACTED]

According to US Embassy reports, Namphy also may be considering intermediate steps—such as announcing a timetable for drafting a new constitution—in order to diffuse public outcries caused by his reluctance to hold presidential elections this year. Because

of the deep divisions among Haitian interest groups, however, we doubt that Namphy will be able to do more than keep a lid on political tensions. [REDACTED]

US officials say that the Church wants to avoid the mistakes it made in Nicaragua by reducing its activist role in Haitian politics, but we believe that the opposition of the remaining members of the old guard and some elements of the business community—both groups are likely to perceive reformist Church goals as threatening their interests—may prompt it to play a more open role. During the elections, whenever they are held, we believe the Church might well oppose through sermons and its radio station any potential candidates closely associated with the Duvalier era.

Against the background of depressed economic conditions and unrealistically high expectations for change, we judge that the prospects for scattered outbursts of violence remain relatively high. If even a few exile groups succeed in infiltrating into Haiti, the chances of violence could greatly increase. The abolition of the militia—traditionally the government's eyes and ears in the countryside—will undermine the capabilities of security forces to monitor their activities. Moreover, we believe that agitation by leaders of political groups will intensify as they maneuver to build domestic support, and this could spark renewed violence. [REDACTED]

Despite Namphy's assertion that the Army has no political ambitions, the military, over the next few years, could refuse to yield power to civilians as promised, particularly if it views the available politicians as inadequate to the task of ruling Haiti. [REDACTED]

[REDACTED] We believe that instability or increased external threats could convince military leaders that they have a responsibility to maintain power indefinitely. [REDACTED]

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Internal rivalries within the military pose a serious threat to the council in the near term. We believe that Avril, in particular, would not hesitate to use his military support to wrest control of the government if events present him with an opportunity. [redacted]

Lingering Economic Problems. We believe that even rapid and generous foreign aid flows would do no more than temporarily support higher imports and living standards until the government establishes an economic team capable of managing the current economic emergency, restoring business confidence, and heading off a brewing crisis over the exchange rate of the gourde, the Haitian currency. US Embassy officials have expressed their concern to Namphy that his government has yet to enter into a dialogue with the local private sector or to offer assurances to potential foreign investors. The government still faces the difficult task of formulating a policy to cope with strong public pressure for job creation and food relief while trying to limit public spending in order to placate the IMF. [redacted]

Unless the government moves quickly to shore up business confidence by securing new foreign lending, strengthening the economic leadership, and presenting a reasoned economic policy statement, we believe that a crisis of business confidence could force a devaluation of the gourde within the next few months and dim hopes for economic recovery. Speculative pressures and capital flight are weakening the otherwise competitively valued currency. [redacted]

Meanwhile, pressure on the gourde—pegged to the US dollar for 67 years—is mounting as the bank scrambles to find \$10 million to cover fuel and food bills and debt repayments. This crisis would be worsened by Duvalier's rumored withdrawal of large sums of money from Treasury and Central Bank accounts before his departure. If the gourde were devalued, such politically risky problems as hikes in food and fuel prices, would occur. Moreover, we believe economic activity would slow further because rising costs

of essential imports would further discourage production and investment more than they would stimulate exports. [redacted]

In addition to these immediate concerns, the government ultimately must adopt real economic reforms to reduce corruption and lessen the wide gap in incomes if sustained economic improvement is to occur. Corruption acts as a confiscatory tax on legitimate economic activity that robs the few domestic resources otherwise available to investors hoping to take advantage of Haiti's industrious work force, strong private-sector orientation, and inclusion in the Caribbean Basin Initiative. [redacted]

[redacted] Lender intolerance for obviously shady bookkeeping practices led to the demise of Haiti's notoriously corrupt Tobacco Bureau—a tax collection entity—in the early 1980s. [redacted]

Imbalances in incomes, in our view, will prove more difficult to moderate. The ruling elites have a clear interest in maintaining the status quo despite the wide gulf in living standards that deters some foreign investors, according to businessmen. Moreover, although malnutrition and disease cut deeply into labor productivity [redacted] businessmen already have expressed concern that the new Minister of Social Affairs, Rony Auguste, may make wage concessions to labor. [redacted]

Implications for the United States

We believe the highly publicized US role in Duvalier's departure has raised Haitian Government and popular expectations that Washington will provide guidance and generous economic and military assistance. As a result, the Namphy government, in our view, will press the United States to lead international aid efforts. In this environment, US stipulations to encourage economic and political reforms can be expected to carry more weight than under the Duvalier regime. In addition, because the Haitian economy is

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US-Haitian Economic Ties

The United States is Haiti's main trading partner, overseas investor, and aid donor. In addition, the United States holds a substantial chunk of Haiti's foreign debt portfolio:

- **Trade.** *US markets absorb nearly 80 percent of Haitian exports, according to 1984 official data. Most of these items, valued at \$343 million in 1984, enter the United States duty free under 806 or 807 tariff provisions or the Caribbean Basin Initiative (CBI). In addition, the United States bought \$41 million in agricultural goods, mainly coffee and sugar. On the import side, US companies sold \$419 million in merchandise to Haiti in 1984, 67 percent of the island's purchases abroad. Manufactures led the list of imports at \$315 million, including inputs for Haitian assembly plants, construction materials, and consumer goods. Haiti bought \$77 million in foodstuffs, mostly grain.*
 - **Investment.** *US direct investment, totaling about \$50 million, is concentrated in export assembly operations that take advantage of low wages and tax exemptions. Main products include sporting goods (virtually all baseballs used in the United States are made in Haiti), toys, textiles, and electronics. Some \$8 million in new investment has flowed into Haiti in response to the CBI, according to a US Commerce Department estimate.*
 - **Aid.** *The United States last year obligated \$52 million in grants and concessional loans, of which \$38 million was disbursed by the end of 1985. This year, proposed obligations of \$22.5 million in development assistance, \$15 million in PL-480 food aid, \$9 million in Commodity Corporation credits, and \$2.9 million in other funds have been budgeted.*
 - **Debt.** *Of Haiti's \$670 million in public and publicly guaranteed debt, \$138 million or 21 percent is owed to the US Government. In addition, US banks hold most of the \$95 million of Haiti's public obligations to commercial lenders.*
-

not yet capable of self-generated growth, similar requests will recur for some time. To the extent that the economy continues to falter, repayment of the roughly \$235 million in Haitian debt owed to US creditors will be in jeopardy, together with the nearly \$800 million in annual two-way commerce. Moreover, we doubt that illegal migration will slow much, if any, over the next few years. No foreseeable economic path would quickly lessen unemployment or raise the \$3 per day minimum wage enough to reduce the lure of US economic opportunities, particularly to rural Haitians. In addition, the government conceivably might want to use emigration as a political safety valve should dissidents become unmanageable.

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Should the sporadic political protests gain momentum, Washington's problems obviously would be magnified. We believe a fragile Haitian Government unable to maintain internal order could encourage Havana and Tripoli to step up their efforts to take advantage of the situation by increasing direct support to leftist exile groups and possibly using them to initiate contacts with emerging populist leaders inside Haiti. A deteriorating security situation—whether caused by internal or external plays, or both—would, in our view, raise the chances that the Haitian Government would seek direct US intervention. In any case, we judge that leaders of other Caribbean countries will monitor Washington's responsiveness to Haiti's formidable challenges as a barometer of the US commitment to the security and development of the region.

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